

Investment in Macedonia

An opportunity to invest in the publishing industry in Macedonia

NIP NOVA MAKEDONIJA AD, in Bankruptcy



Sale of trademarks/brands

November 2003

Nova Makedonija

NIP “Nova Makedonija”, in bankruptcy, Skopje (‘Nova Makedonija’ or the ‘Company’), which is based in the Macedonian capital Skopje, is a joint stock company whose core business is publishing, printing and associated trade activities.

The start of the Company dates back to the first daily newspaper in Macedonian, which was published on 29th October 1944 in the village of Gorno Vranovce.

Nova Makedonija publishes and markets the following publications and supplements:

- Nova Makedonija;
- Vecher;
- Flaka (Albanian language);
- Birlik (Turkish language);
- Osten (humour);
- Ekran (general and TV);
- Koteec;
- Jehona;
- Sesler;
- Nas svet, Drugarce, Razvigor and Rosica (children);
- Gezimi and Fatosi (Albanian language for children); and
- Sevinc and Tomurdjuk (Turkish language for children).

It also publishes and markets the following weekly editions

- Puls; and
- Skok (sport).

In recent years, the Company has been facing management inefficiencies, financial (working capital and liquidity) problems, as well as a loss of market share due to increased competition. Therefore, Nova Makedonija was put into a bankruptcy procedure in June 2003.

The Bankruptcy Trustee of Nova Makedonija has opened an international tender for the sale of the trademarks/brands of the Company. These include the titles to all of the Company’s publications. The asset/ trademarks packages that are being offered for sale under this Tender Process are set out in table 1 below.

Table 1: Packages offered for sale

Package No.	Description	Type	Language
1	<i>"Nova Makedonija"</i>	Daily newspaper	Macedonian
2	<i>"Ekran"</i> <i>"Right for selection of MIS"</i>	Weekly review Miss World contest	Macedonian
3	<i>"Vecer"</i> <i>"Kotelec"</i> <i>"Vecer gotvac"</i>	Daily newspaper Puzzle and crossword magazine Periodical	Macedonian Macedonian Macedonian
4	<i>"Detska Radost"</i> <i>"Rosica"</i> <i>"Razvigor"</i> <i>"Drugarce"</i> <i>"Nas svet"</i>	Publishing activity Monthly edition for children Monthly edition for children Monthly edition for children Monthly edition for children	Macedonian Macedonian Macedonian Macedonian Macedonian
5	<i>"Puls"</i>	Weekly political review	Macedonian
6	<i>"Skok"</i>	Weekly sports review	Macedonian
7	<i>"Osten"</i>	Monthly edition of humour and satire	Macedonian
8	<i>"Flaka"</i> <i>"Flaka"</i> <i>"Gëzimi"</i> <i>"Fatsi"</i> <i>"Jehona"</i>	Publishing activity Daily newspaper Monthly edition for children Monthly edition for children Edition for literature and culture	Albanian Albanian Albanian Albanian Albanian
9	<i>"Birlik"</i> <i>"Birlik"</i> <i>"Sevinç"</i> <i>"Tomurcuk"</i> <i>"Sesler"</i>	Publishing activity Daily newspaper Daily newspaper Monthly edition for children Edition for literature and culture	Turkish Turkish Turkish Turkish
10	<i>News archive library with supporting literature</i>		

The Republic of Macedonia ('Macedonia')

Since gaining independence in 1991, in spite of the difficulties posed by political and social unrest in the region, Macedonia has implemented a reform programme designed to develop a free market economy and achieve closer integration with international trading partners. Priority has been placed on economic reform and, in this, the Government has worked closely with both the World Bank and the IMF. Macedonia has started working towards membership of the EU and has recently been granted full membership to the WTO.

The achievements of the ongoing programme of economic reform include:

- widespread privatisation of state and socially-owned enterprises;
- regional, European and worldwide trade liberalisation; and
- promotion of foreign direct investment (including major foreign capital backing in the banking and insurance industries).

Macedonia took major steps towards integration with the EU with the signing of the Stabilization and Association Agreement in April 2001 and a Free Trade Agreement with the European Free Trade Association (EFTA) whose implementation starts this year. Goods exported from Macedonia to the EU are now free of any customs duties or quantity limitations. Duties on goods imported from the EU into Macedonia will be progressively reduced to zero duty by the end of 2010.

The Country also has some very important trading partners in the Balkan region. Trade with Slovenia, Yugoslavia, Romania, Croatia, Bulgaria, Turkey, Ukraine and Albania accounted for approximately 35% of total imports and exports in 2000. Macedonia has now signed free trade agreements with all of these countries and has begun negotiations with the Russian Federation.

Macedonia's recent entry into the WTO will help the Country's further integration into the world trading system. It will help facilitate foreign trade and investment and expand the market for Macedonian goods and services.

In order to attract foreign direct investment, the Government of Macedonia has implemented various reforms to encourage investment. Incentives for overseas investors include:

- A relatively low rate of corporate income tax (15%);
- Corporate income tax relief investors are allowed a tax break of up to 3 years, after which, if the investor decides to invest profit back into the company then an additional 3 years tax break may be granted;
- Customs duty exemptions on imports of equipment and other capital assets; and
- Creation of Free Economic Zones with offering various exemptions from customs duties and income, sales and property taxes.

Macedonia offers excellent logistical advantages to investors. The country is crossed by two major transport corridors: the E65 which runs east to west from Dures to Varna, and the E75 running north to south from Munich to Thessaloniki.

The benefits of producing in Macedonia include:

- Low labour costs;
- Highly skilled workforce;
- Strong industrial tradition;
- Stable macroeconomic situation;
- Easy access to export markets in both the EU and other Balkan states; and
- Development of Macedonia's relationship with the EU and the WTO.

Sale process

The trademarks/brands of Nova Makedonija will be privatised through a liquidation process. Sealed bids will be invited for each of the packages of the Company's assets/trademarks.

There will be no contractual conditions of sale concerning re-employment of workers or future investment in the trademarks/brands.

The only criterion for the selection of a purchaser will be the price offered for the assets. Full details of the sales process, brief information about the Company and lists of the trademarks/brands included in each asset package will be set out in an Information Document, which will be available to all interested parties on payment of EUR 200 (or Macedonian Denar equivalent). To receive an Information Document and Tender Rules Document, please contact either the Bankruptcy Trustee or the Liquidation Advisor.

In order to participate in the liquidation, bidders will be required to purchase an Information Document and comply with the Tender Rules attached to the Information Document. The deadline for the receipt of bids for the asset/trademark packages will be 12.00 on 12 December 2003

Interested parties wishing to receive more detailed information regarding this tender, with a view to making a bid, must pay a non-refundable processing fee of EUR 200 (or the Macedonian equivalent), into one of the following bank accounts:

Domestic amounts in <i>Macedonian Denar</i>	Foreign amounts in <i>Euro</i>
Tutanska Banka AD, Skopje Acc. Number: 210 040541300133	Tutanska Banka AD, Skopje Acc. Number: 71040541301820 SWIFT: TUTUNMK22

Contact details

For further information see <http://www.mpa.org.mk> or contact:

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Purpose and Contents of this Document

This document (the 'Document') contains proprietary and confidential information NIP "Nova Makedonija", in bankruptcy, Skopje ('Nova Makedonija' or the 'Company'). It has been prepared from information provided by the Bankruptcy Trustee and the Company, solely to enable those selected persons receiving the Document ('Interested Persons') to gain some initial familiarity with the business and the assets/trademarks/brands of Nova Makedonija. The information in this Document has not been verified by the Bankruptcy Trustee, the Company or by Lion's Bridge, Adam Smith International and Grant Thornton (together, the 'Liquidation Advisor'). Interested Persons must undertake such investigations as they see fit before entering into any contract.

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This Document (and the information contained herein) does not constitute an offer to sell or an invitation to purchase any of the underlying assets/trademarks/brands of Nova Makedonija, nor will it form a part of any investment decision or any decision to enter into any contract of sale.

Joint Liquidation Advisors



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INTERNATIONAL

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